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UNCLAS SECTION 01 OF 04 ROME 005133

SIPDIS

FROM U.S. MISSION IN ROME

AMEMBASSY LILONGWE FOR AMBASSADOR MEECE AND USAID DIRECTOR
UNCLASSIFIED

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USAID FOR ADMINISTRATOR NATSIOIS, AA/DCHA WINTER, DCHA/FFP,
USAID/GLOBAL/HEALTH, SA/KPOE AND CWHAGELMAN
STATE FOR U/S GROSSMAN, U/S LARSON, CWHAGELMAN
PRM DEWEY, A/S AFR KANSTEINER, AFR/SA
USDA/FAS FOR U/S PENN, RTILSWORTH AND LREICH
NSC FOR JWDORKEN

E.O. 12958: N/A

SUMMARY

1. A TEAM LED BY AMBASSADOR TONY HALL VISITED MALAWI OCTOBER 11-13 AND FOUND THAT RELIEF PROGRAMS TO ALLEVIATE HUNGER AND THE SEVERE FOOD SHORTAGE ARE PROGRESSING WELL, ALTHOUGH THE NEED TO EXPAND AND ACCELERATE OPERATIONS REMAINS AS MORE AND MORE HOUSEHOLDS GO WITHOUT FOOD. NEARLY THIRTY PERCENT OF THE COUNTRY'S POPULATION WILL REQUIRE RELIEF ASSISTANCE OVER THE PERIOD JANUARY-MARCH 2003 (3.3 MILLION). THE FOOD CRISIS HAS BEEN EXACERBATED BY PRE-EXISTING CONDITIONS, PARTICULARLY HIV/AIDS AND POVERTY. DESPITE A WELL-ORGANIZED INTERNATIONAL HUMANITARIAN RESPONSE, LOGISTICAL CONSTRAINTS ARE SIGNIFICANT AND HAVE THE POTENTIAL TO SERIOUSLY DISRUPT THE TIMELY FLOW OF RELIEF FOOD. END SUMMARY.

BACKGROUND - "GOING TO FUNERALS IN THIS COUNTRY HAS BECOME UNCLASSIFIED

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PART OF THE SOCIAL FABRIC OF EVERYDAY LIFE"

12. AMBASSADOR TONY HALL, US MISSION TO ROME; HUMANITARIAN ATTACHE TIM LAVELLE; AND SPECIAL ASSISTANT TO THE AMBASSADOR MAX FINBERG, VISITED MALAWI OCTOBER 11-13. IN ADDITION TO MEETINGS IN LILONGWE WITH U.S. EMBASSY/USAID, UN AND GOM FUNCTIONARIES, THE TEAM SPENT ONE DAY IN THE RURAL COUNTRYSIDE REVIEWING UN AND NGO RELIEF OPERATIONS.

13. MALAWI IS A SMALL, LANDLOCKED COUNTRY WHICH IS DENSELY POPULATED (10.5 MILLION PEOPLE), POVERTY-STRICKEN AND ALMOST ENTIRELY DEVOTED TO AGRICULTURAL PRODUCTION. MALAWI, WHICH HAS INITIATED AN ECONOMIC REFORM AGENDA, FACES CHALLENGES ON SEVERAL FRONTS, AMONG THEM A RAPIDLY GROWING POPULATION, LIMITED NATURAL RESOURCES, HIGH LEVELS OF INEQUALITY, AND THE CORROSION EFFECTS OF RECURRING DROUGHTS, POOR RESOURCE MANAGEMENT, AND ENVIRONMENTAL DEGRADATION. IN LATE 2000, MALAWI WAS APPROVED FOR ASSISTANCE UNDER THE HEAVILY INDEBTED POOR COUNTRIES (HIPC) PROGRAM.

14. MOREOVER, MALAWI HAS ONE OF THE HIGHEST HIV/AIDS RATES ON THE CONTINENT (31 PERCENT HIV PREVALENCE FOR WOMEN IN ANTI-NATAL CLINICS COMPARED TO A 12 PERCENT AVERAGE IN SUB-SAHARAN AFRICA). AT THE END OF 2001, THERE WERE 850,000 PEOPLE LIVING WITH HIV/AIDS IN MALAWI, OF WHOM 7.5 PERCENT WERE CHILDREN. APPROXIMATELY 16.5 PERCENT OF THE ADULT POPULATION IS ESTIMATED TO BE INFECTED. THE LEADING CAUSE OF ADULT DEATH, AIDS HAS SERIOUSLY IMPACTED ON THE REDUCTION IN LIFE EXPECTANCY FROM 52 TO 37 YEARS. IT IS ESTIMATED THAT THERE ARE MORE THAN 500,000 ORPHANS WHO HAVE LOST AT LEAST

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ONE PARENT. THE DFID REPRESENTATIVE, THE UK'S AID AGENCY, OBSERVED THAT "AS MUCH AS 75 PERCENT OF THE DISCRETIONARY BUDGET OF MANY GOM MINISTRIES GOES TO FUNERAL EXPENSES FOR THEIR EMPLOYEES." EACH USG EMPLOYEE WE MET IN COUNTRY HAD RECENTLY ATTENDED A FUNERAL. THE STARK CONNECTION BETWEEN THE CURRENT FOOD CRISIS AND THE ALARMING HIV/AIDS PANDEMIC WAS CLEARLY EVIDENT IN ONE NGO STAFF'S QUOTE: "POVERTY TAKES AWAY HOPE, SO WHY NOT HAVE SEX?"

15. MALNUTRITION AMONG CHILDREN IS ENDEMIC (AROUND 30 PERCENT OF CHILDREN UNDER FIVE ARE UNDERWEIGHT).

16. THE WORLD BANK/IMF POINT OUT THAT "WHILE MALAWI HAS A NUMBER OF SAFETY NET PROGRAMS, THESE HAVE NOT BEEN INTEGRATED INTO A COORDINATED STRATEGY (AND HENCE) AS A RESULT THE EXISTING PROGRAMS AND PROJECTS ARE CHARACTERIZED BY A DUPLICATION OF EFFORTS, GAPS IN COVERAGE, AND COST INEFFECTIVENESS."

CURRENT HUMANITARIAN CONTEXT

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ACTION SSO-00

INFO	LOG-00	AF-00	AID-00	ANHR-00	E-00	UTED-00	TEDE-00	
	IO-00		NEA-00	NSCE-00	OIC-02	P-00	SS-00	TEST-00
	SA-00		PRM-00	SAS-00	/002W			
					FC00288	220720Z	/28	

R 220610Z OCT 03 -----FC0C28 220/39Z /38

P 220649Z OCT 02
FM AMEMBASSY ROME
TO AMEMBASSY LILONGWE PRIORITY
SECSTATE WASHDC PRIORITY 6457
USDA FAS WASHDC PRIORITY 2335
INFO AMEMBASSY PRETORIA
AMEMBASSY HARARE
AMEMBASSY LUSAKA
AMEMBASSY MAPUTO
AMEMBASSY OTTAWA
AMEMBASSY NAIROBI
SOUTHERN AFRICAN DEVELOPMENT C
USEU BRUSSELS 2861

MISSION HENRY NEW YORK

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17. DUE TO DROUGHT AND FLOODS (FEBRUARY 2002), THE 2002 HARVEST TURNED OUT TO BE 28 PERCENT BELOW THE FIVE-YEAR AVERAGE, AND SIX PERCENT LOWER THAN 2001. MAIZE IMPORT REQUIREMENTS IN 2002/2003 (APRIL/MARCH) WERE CALCULATED BY THE FAO/WFP MISSION AT 433,000 TONS, INCLUDING 225,000 TONS OF COMMERCIAL IMPORTS AND 208,000 TONS OF FOOD AID. (THE FOOD AID NUMBER HAS NOW BEEN FURTHER RATCHETED UP TO 236,500 MTS.) ON THE COMMERCIAL SIDE, MANY PRIVATE TRADERS HAVE EFFECTIVELY WITHDRAWN FROM MAJOR IMPORTATION DUE TO THE COST OF FINANCE (LOCAL INTEREST RATES ABOUT 50 PERCENT), UNCERTAINTIES OVER THE USD/MALAWI KWACHA EXCHANGE RATE (CURRENTLY 80MK = USD 1) AND UNCERTAINTIES OVER GOVERNMENT INVOLVEMENT IN PRICE CONTROLS. GOVERNMENT HAS THEREFORE, AS IN 2001, ASSUMED RESPONSIBILITY FOR COMMERCIAL GRAIN (MAIZE) IMPORTATION.

18. NOTE: OVER THE PAST 10-15 YEARS, MALAWI HAS SHIFTED FROM BEING A NATIONALLY SELF-SUFFICIENT PRODUCER OF MAIZE IN NON-UNCLASSIFIED

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DROUGHT YEARS TO BEING DEPENDENT ON COMMERCIAL FOOD IMPORTS
AND FOREIGN ASSISTANCE TO ACHIEVE A NATIONAL FOOD BALANCE.
END NOTE.

19. FROM JUNE 2001 LOCAL MAIZE PRICES ROSE DRAMATICALLY. OVER THE PAST SEVERAL MONTHS, PRICES HAVE DROPPED AND BEGUN TO STABILIZE BETWEEN M/10-M/15/KG., WHICH IS 50 PERCENT HIGHER THAN LAST YEAR AT THIS TIME. MANY HOUSEHOLDS OVERSTRETCHED THEIR COPING MECHANISMS LAST YEAR, REDUCING THEIR RESILIENCE AND INCREASING THEIR VULNERABILITY IN THE FACE OF CONTINUED FOOD SHORTAGES.

¶10. DESPITE WIDESPREAD REPORTS THAT THE SALE OF GOM'S STRATEGIC GRAIN RESERVE LAST YEAR CAUSED THE PRESENT SHORTAGES, USAID REFUTED THESE ARGUMENTS. WHILE NOT DISMISSING SOME POSSIBILITY OF CORRUPTION, THE SALE OF 167,000 METRIC TONS OF MAIZE THIS PAST YEAR HAD SOME JUSTIFICATION, INCLUDING AGE OF THE STOCK IN STORAGE, STORAGE COSTS, AND LACK OF INDICATION OF MAJOR CROP SHORTFALLS FOR 2002. WHILE THE GOM-HELD MAIZE RESERVE MIGHT HAVE HELPED THE FOOD CRUNCH THIS YEAR, THE AMOUNT SOLD WAS TOO MODEST TO HAVE MADE A SUBSTANTIVE DIFFERENCE IN THE PRESENT CONTEXT.

WHAT THE TEAM SAW

¶11. ON OCTOBER 12 THE TEAM VISITED A NUMBER OF SITES IN SALIMA DISTRICT AND SPOKE WITH A NUMBER OF BENEFICIARIES, UN, GOM AND NGO STAFF. IN THE FIELD, USAID AND OTHER DONORS

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ARE WORKING THROUGH WFP AND A CONSORTIUM OF NGOS UNDER THE LEADERSHIP OF CARE. TWELVE NGOS HAVE TAKEN UP THE DISTRICT CO-ORDINATION ROLE IN THE DIFFERENT DISTRICTS OF THE COUNTRY

¶12. IT WAS EVIDENT THAT THE PROBLEM OF FOOD INSECURITY RUNS DEEP IN MALAWI, AND WILL REQUIRE A LONG-TERM FOCUS. PARTICULARLY MENACING IS THE HIV/AIDS PANDEMIC. WE VISITED A CENTER RUN BY A LOCAL NGO, SALIMA AIDS SUPPORT ORGANIZATION (SASO), AT CHANKUNGU. BEGUN IN 2000 WITH 60 ORPHANS (WHO RECEIVE WEEKLY FOOD SUPPLEMENTS AND CHILD-CARE). THE NUMBER

OF CHILDREN PRESENTLY ENROLLED EQUALS 604. THE CENTER'S ADMINISTRATOR TOLD US THAT THE DISTRICT CONTAINED 1,426 CHILDREN WHO HAD LOST ONE OR MORE PARENTS, LARGEY DUE TO AIDS.

¶13. WE SAW A GENERAL RELIEF FOOD DISTRIBUTION NEAR SALIMA, MANAGED BY SAVE/UK. A NUMBER OF BENEFICIARIES REPORTED THAT THEY HAD CUT DOWN THEIR FOOD CONSUMPTION TO ONE MEAL A DAY. WE INQUIRED OF MANY CHILDREN AS TO WHEN WAS THE LAST TIME THEY HAD EATEN A MEAL. MANY SAID, "TWO DAYS AGO;" OTHERS SAID, "FIVE DAYS AGO." A CUP OF TEA, A SWEET POTATO OR A

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ACTION SSO-00

INFO LOG-00 AF-00 AID-00 ANHR-00 E-00 UTED-00 TEDE-00
IO-00 NEA-00 NSCE-00 OIC-02 P-00 SS-00 TEST-00
SA-00 PRM-00 SAS-00 /002W
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P 220649Z OCT 02
FM AMEMBASSY ROME
TO AMEMBASSY LILONGWE PRIORITY
SECSTATE WASHDC PRIORITY 6458
USDA FAS WASHDC PRIORITY 2336
INFO AMEMBASSY PRETORIA
AMEMBASSY HARARE
AMEMBASSY LUSAKA
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MANGO - WAS ALL MANY PEOPLE HAD EATEN IN THE PAST WEEK. AND THE TRADITIONAL "HUNGRY SEASON" IS STILL TWO MONTHS AWAY. WE WERE INFORMED THAT NUTRITION REHABILITATION PROGRAMS ARE SUPPORTING AN AVERAGE 35,000 CHILDREN AND VULNERABLE WOMEN PER MONTH.

¶14. UNEMPLOYMENT IS HIGH. RURAL WAGES FOR CASUAL LABOR ARE ON THE ORDER OF 30 TO 60 KWACHA PER DAY (I.E., ROUGHLY U.S. .38 TO .75 CENTS). WE WERE TOLD THAT MOST OF THE POPULATION IS NOT ABLE TO AFFORD THE FULL COMMERCIAL PRICE FOR A BAG OF MAIZE. THE GOM'S ANSWER IS UNIVERSALLY SUBSIDIZING THE PRICE OF MAIZE AT AROUND 17 KWACHA (U.S. .21 CENTS/KILO), MEANING THAT THOSE WHO CAN AFFORD TO PAY FOR THE COMMERCIAL MAIZE ARE ALSO BENEFITING FROM THE SUBSIDY. NOTE: OVER THE PERIOD SEPTEMBER 2002-MARCH 2003, THE GOM HOPES TO IMPORT 250,000 MTS (FINANCED BY COMMERCIAL LOANS). THE GOM WILL NOT PROVIDE OR DISTRIBUTE HUMANITARIAN FOOD SUPPLIES, WHETHER FOR NORMAL DISTRIBUTION OR FOR FEEDING PROGRAMS (THEY EXPECT HUMANITARIAN ORGANIZATIONS TO DO THIS). END NOTE.

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CONCLUSIONS AND RECOMMENDATIONS

¶15. MALAWI NEEDS A BETTER SYSTEM FOR IDENTIFYING AREAS OF THE COUNTRY DUE TO LOWER THAN NORMAL PRODUCTION AND/OR AN UNEXPECTED FALL IN PURCHASING POWER. AS OF NOW, THERE IS LITTLE EMPIRICAL BASIS FOR TARGETING FOOD AID, INSOFAR AS DISAGGREGATED INFORMATION ON HOUSEHOLD FOOD SECURITY IS LACKING.

¶16. THERE NEEDS TO BE A BETTER RATIONALIZATION AND PRIORITIZATION OF BOTH NEW AND EXISTING SAFETY NET PROGRAMS.

¶17. MALAWI WOULD GREATLY BENEFIT FROM A REGULAR TITLE II FEEDING PROGRAM, WHICH SHOULD BE DIRECTLY COORDINATED THROUGH USAID/MALAWI. SPECIFICALLY, THERE IS A COMPELLING NEED TO DIRECTLY ADDRESS THE PROBLEMS OF UNDER-NUTRITION IN INFANTS AND EXPECTANT MOTHERS. UNLIKE OTHER COUNTRIES SUCH AS INDIA, MALAWI HAS NO PROGRAM THAT DELIVERS A COMBINATION OF SERVICES (FOOD SUPPLEMENTS, MICRO-NUTRIENTS, HEALTH INPUTS, IMMUNIZATIONS, ETC.) TARGETED TO THE MOST NUTRITIONALLY DISADVANTAGED GROUPS IN THE POPULATION (E.G., INFANTS AND PREGNANT WOMEN).

¶18. THE LONG-TERM VALUE OF EDUCATION, PARTICULARLY FOR GIRLS, TO IMPROVED NUTRITION FOR FUTURE GENERATIONS CANNOT BE OVERSTATED. IN THIS CONTEXT, SCHOOL FEEDING INTERVENTIONS SHOULD BE SYSTEMATICALLY RATCHETED UP. WFP AND OTHER UN AGENCIES SHOULD ACTIVELY PURSUE ADDITIONAL PARTNERSHIPS AND UNCLASSIFIED

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COMPLEMENTARY FUNDING TO COVER NON-FOOD COSTS AND ENSURE HIGH-QUALITY EDUCATION.

¶19. BOTH THE UN AND NGOS NEED TO QUICKLY INTENSIFY AND EXPAND ACTIVITIES TO STRENGTHEN HIV/AIDS INFORMATION CAMPAIGNS, CARE FOR ORPHANS, AND TRAINING FOR SERVICE PROVIDERS TO BETTER MANAGE THIS TERRIBLE SCOURGE.

¶20. WFP AND THE UN AGENCIES SHOULD TAKE ADVANTAGE OF FOOD DELIVERIES (WHERE LARGE NUMBERS OF BENEFICIARIES OFTEN WAIT FOR HOURS TO RECEIVE THEIR RATION) TO IMPART MOTHER-CHILD CARE HEALTH TRAINING AND NUTRITION EDUCATION MESSAGES, HIV/AIDS AWARENESS, ETC. WITHOUT MORE COMPLEMENTARY PROGRAMS, ESPECIALLY REGARDING HIV/AIDS, FOOD AID ALONE WILL HARDLY PRODUCE THE RESULTS WE ALL DESIRE.

¶21. MALAWI IS LIKELY GOING TO BE A NET IMPORTER OF MAIZE IN THE FUTURE, BUT THIS NEED NOT BE VIEWED AS A FAILURE. THE UN (PARTICULARLY FAO) SHOULD ASSIST WITH DIVERSIFICATION INTO HIGHER-VALUE CROPS, AS OPPOSED TO THE CURRENT MONO FOCUS ON MAIZE PRODUCTION. NOTE: GIVEN THE RESTRICTIONS ON PROMOTING TOBACCO CULTIVATION, OTHER CASH CROPS SHOULD RECEIVE

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ACTION SSO-00

INFO LOG-00 AF-00 AID-00 ANHR-00 E-00 UTED-00 TEDE-00
IO-00 NEA-00 NSCE-00 OIC-02 P-00 SS-00 TEST-00
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ATTENTION. END NOTE.

¶22. THE INTERNATIONAL COMMUNITY MUST KEEP UP THE "DRUM BEAT" THAT MALAWI'S HEAVY PARASTATAL INVOLVEMENT IN AGRICULTURAL MARKETING NEEDS SUBSTANTIVE REVAMPING TO ALLOW MORE PRIVATE SECTOR PARTICIPATION IN THE HANDLING AND DISTRIBUTION OF MAIZE AND OTHER STAPLE FOODS TO INCREASE SUPPLIES, LOWER PRICES, AND ENSURE GREATER AVAILABILITY TO THOSE WHO CAN AFFORD TO PURCHASE.

¶23. THE REPAIR OF THE NACALA RAIL LINE (BOTH THE 77 KILOMETERS IN MOZAMBIQUE AND THE 65 KILOMETERS ON THE MALAWI SIDE) - NEEDS TO BE A MAJOR PRIORITY OF BOTH THE GOM AND THE INTERNATIONAL DONOR COMMUNITY. EVEN RELATIVELY MAJOR REPAIRS COULD BE SELF-FINANCING THROUGH SAVINGS ON HUMANITARIAN DELIVERIES.

¶24. WHILE PROGRESS HAS BEEN MADE ON THE BIOTECH FOOD ISSUE, THERE IS AT PRESENT LIMITED MILLING CAPACITY IN-COUNTRY. THESE LIMITATIONS NEED TO BE FACTORED IN TO ANY
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IMPLEMENTATION PLAN FOR MILLING GM MAIZE.

¶25. FINALLY, MALAWI IS FACING A 2002/2003 OVERALL CEREALS FOOD AID NEED OF 236,500 MTS AS CONFIRMED BY THE VULNERABILITY ASSESSMENT COMMITTEE REPORT ISSUED LAST MONTH. USAID/MALAWI RECOMMENDS AN ADDITIONAL USG COMMITMENT OF 47,568 METRIC TONS OF FOOD ASSISTANCE (BEYOND THE 79,400 MTS

ALREADY AUTHORIZED), CITING A POSSIBLE PIPELINE BREAK IN
FEBRUARY 2003. WE STRONGLY ENDORSE THIS REQUEST.
HALL

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